

Message Text

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PAGE 01 ADDIS 03946 01 OF 02 071255Z
ACTION AF-10

INFO OCT-01 ISO-00 ONY-00 SSO-00 SS-15 /026 W
-----000156 071313Z /42

O 071123Z SEP 78
FM AMEMBASSY ADDIS ABABA
TO SECSTATE WASHDC 9678

C O N F I D E N T I A L SECTION 1 OF 2 ADDIS ABABA 3946

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FROM AMBASSADOR FOR AF HARROP

E.O. 11652: GDS
TAGS: EAID, XA
SUBJECT: FY 79 AND FY 80 BUDGETED ASSISTANCE FOR AFRICA

REF: (A) STATE 224147 (B) ADDIS 3754 (C) ADDIS 3765
(D) STATE 176327

1. SPECIFIC RECOMMENDATIONS CONCERNING FY 79 AND
FY 80 AID AND PL 480 LEVELS ARE DETAILED IN
PARAGRAPHS 3 - 9. MOST IMPORTANT POINT IS THAT
LEVELS PROPOSED FOR DEVELOPMENT ASSISTANCE IN
REFTEL (A) DO NOT REPRESENT KEYSTONE OF OUR
POLICY HERE: THAT WE WISH TO MAINTAIN A PRESENCE
PURSUANT TO THE SCC DECISION OF APRIL 7, 1978.
AID LEVELS MUST, THEREFORE, BE COMMENSURATE.
(SWEDEN IS PROVIDING \$16 MILLION EQUIVALENT
ANNUALLY PLUS \$5 MILLION ADDITIONAL IN RELIEF
ASSISTANCE, AND THE WORLD BANK IS PROVIDING HIGH
LEVELS OF SOFT TERM LOANS.) ECONOMIC AID IS
OUR MAJOR INSTRUMENT IN HELPING TO ACHIEVE
PROGRESS BY THE PROVISIONAL MILITARY GOVERNMENT
OF SOCIALIST ETHIOPIA (PMGSE) TOWARD TRUE
NON-ALIGNMENT. THE VALUE OF OUR AID IS
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ENHANCED BY THAT FROM OTHER WESTERN SOURCES.
SUCH ECONOMIC ASSISTANCE IS BECOMING EVER MORE
NECESSARY AS THE ETHIOPIAN ECONOMIC SITUATION
INTERNALLY AND EXTERNALLY CONTINUES TO WORSEN.
THE SOVIETS WILL SOON BE IN THE POSITION OF
DEMANDING PAYMENT FOR ARMS SUPPLIED WHILE THE
WEST WILL BE ASSISTING THE HUNGRY POPULATION

AND FURTHERING THE DEVELOPMENT OF THE LIVING
STANDARD OF THE POOR.

2. OTHER THAN ECONOMIC ASSISTANCE THERE ARE
NO STRINGS TO OUR BOW, EXCEPT STRAIGHT
DIPLOMATIC MEASURES. IF WE FAIL TO MAKE PROGRESS
IN THE ATTAINMENT OF OUR FUNDAMENTAL GOALS HERE,
THEN THE AID LEVELS PRESENTLY PROPOSED WILL
BE EXCESSIVE, BUT IT SEEMS TO ME WE SHOULD WORK
FOR THE TIME BEING ON THE ASSUMPTION THAT WE
WILL BE SUCCESSFUL. FOR THAT REASON I BELIEVE
STRONGLY THAT WE SHOULD PROCEED TO PLAN ON THE
BASIS OF AT LEAST \$15 MILLION IN DEVELOPMENT
ASSISTANCE IN FY 79 AND \$17 MILLION IN FY 80.
AT THE PROPOSED PROGRAM TOTALS OF \$11.1 MILLION
AND \$9.3 MILLION RESPECTIVELY, IT WILL BE
DIFFICULT, IF NOT IMPOSSIBLE, TO CONVINCE
ETHIOPIANS THAT WE MEAN WHAT WE SAY AND THAT
WE ARE ANXIOUS TO MAKE A REALLY SIGNIFICANT,
AND NOT JUST TOKEN, CONTRIBUTION TO THE COUNTRY'S
ECONOMIC DEVELOPMENT AND THE IMPROVEMENT OF THE
LIVING CONDITIONS OF THE POOREST PEASANTS IN
THE LAND.

3. FY 79 LEVEL REF (A) PARA 2.C. AGREES WITH
THAT REQUESTED IN ETHIOPIA ABS FOR FY 1980.
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HOWEVER, AS INDICATED REFS (B) AND (C), USAID
DOES NOT EXPECT TO OBLIGATE FY 78 FUNDS FOR
THREE PROJECTS. TWO OF THESE (INSTITUTE OF
MANAGEMENT AND TRAINING (663-0188) AND GEMU
GOFA (663-0193) HAVE FUNDING IN FY 79 WHICH
WILL SUFFICE TO BEGIN PROJECTS IN FY 79.
THE OTHER AND MOST SIGNIFICANT, AG SECTOR
DEVELOPMENT (663-0181), HAD \$10.0 MILLION
FUNDING IN FY 78 BUT NOTHING REPEAT NOTHING IN FY 79.
IF COMPENSATION ISSUE RESOLVED AND USAID ABLE
TO MOVE FORWARD WITH NEW PROJECTS IN FY 79, IT
IS IMPERATIVE TO BEGIN AG SECTOR DEVELOPMENT
PROJECT. NOT TO DO SO, AFTER SOME ACTION
UNDERTAKEN ON COMPENSATION, WOULD LOOK LIKE
U.S. NOT LIVING UP TO ITS COMMITMENTS.

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ACTION AF-10

INFO OCT-01 ISO-00 ONY-00 SSO-00 SS-15 /026 W
-----000106 071314Z /42 R

O 071123Z SEP 78
FM AMEMBASSY ADDIS ABABA
TO SECSTATE WASHDC IMMEDIATE 9679

C O N F I D E N T I A L SECTION 2 OF 2 ADDIS ABABA 3946

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FROM AMBASSADOR FOR AF HARROP

4. BUDGET PROPOSED FOR FY 79 AS FOLLOWS:

(A) ONGOING PROJECTS	\$ ('00)
(1) PULSES (663-0166)	400
(2) DIDESSA (663-0179)	500

(B) NEW FY 79 PROJECTS	
(1) RURAL ROADS (663-0182)	6,100
(2) AG PLANNING (663-0208)	600
(3) SEED MULTIPLICATION	
(663-0212)	800
(4) IMT (663-0188)	1350
(5) NFE (663-0189)	300
(6) GEMU GOFA (663-0193)	950
TOTAL	\$ 10,000

5. LEVEL OF \$11.1 MILLION LEAVES ONLY \$1.1 MILLION
AVAILABLE AG SECTOR DEVELOPMENT. (ROADS PROJECT
NEEDS \$6.1 MILLION FOR FIRST YEAR; THIS CANNOT BE
REDUCED.) \$1.1 MILLION CLEARLY INSUFFICIENT TO
BEGIN TOTAL PROJECT ESTIMATED AT \$92.6 MILLION,
OF WHICH U.S. CONTRIBUTION TO BE \$21.1 MILLION.
MINIMAL, REPEAT MINIMAL, BUT NOT DESIRABLE INPUT
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FOR FY 79 IS \$5 MILLION. THIS PUTS FY 79 LEVEL
AT \$15 MILLION. (NOTE: TOTAL OF \$15 MILLION
DOES NOT INCLUDE TWO PVOS THE FUNDING OF
WHICH IS ADDITIVE TO OVERALL USAID BUDGET.)

6. REF (A) INDICATES FY 80 LEVEL SET AS

"MARK" FOR AFRICA BUREAU, HOWEVER, "MARK" FOR ETHIOPIA WAS \$17 MILLION NOT \$9.3 MILLION INDICATED REF (A). USAID HAS QUESTIONED THIS FIGURE REF (C), BUT HAS NOT RECEIVED RESPONSE. PROGRAMS AS PROPOSED FY 80 ABS DESIGNED FOR \$17 MILLION LEVEL ESTABLISHED AS MARK FOR ETHIOPIA BY AID/AFR. IF PROJECTS SIGNED IN FY 79 AS SCHEDULED, ONGOING BUDGET FOR FY 80 ALONE IS \$13.9 MILLION. THIS DOES NOT INCLUDE PV S OR ANY NEW STARTS IN FY 80. USAID WOULD BE SEVERELY HAMPERED BY A CUT FROM \$17 MILLION TO \$9.3 MILLION IN FY 80. IF UNABLE TO INCREASE ETHIOPIAN ALLOCATION UNDER OVERALL MARK LEVEL FOR AID/AFR, STRONGLY SUGGEST ETHIOPIA BE INCLUDED IN "ENHANCEMENT" PACKAGE TO BRING ETHIOPIA AT LEAST TO \$17 MILLION.

7. PL 480 LEVELS FOR FY 80 REALISTIC AND SHOULD MAKE USEFUL CONTRIBUTION TO ANTICIPATED ETHIOPIAN FOOD DEFICIT.

8. TITLE I: FY 80 LEVELS FOR TITLE I ACCEPTABLE. USAID BEGINNING TALKS WITH RRC CONCERNING USE OF TITLE III PROCEEDS BASED ON 25,000 MT WHEAT SORGHUM FOR PRIORITY REHABILITATION PROJECTS. PRESENT VALUE OF WHEAT PUTS 25,000 MT SLIGHTLY ABOVE 3 MILLION INDICATED REF (A), PARA 3B. CONFIDENTIAL

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STRONGLY RECOMMENDED THAT FUNDS SUFFICIENT FOR 25,000 MT BE ALLOCATED FROM TOTAL TITLE I PACKAGE.

9. TITLE II: USAID APPROVED LEVELS FOR FY 78 AND FY 79 DIFFER FROM THAT GIVEN REF A, PARA 3B. PLANNED LEVEL FOR FY 78 WAS \$3.2 MILLION. APPROVED LEVEL (REF D) FOR FY 79 WAS \$4.16 MILLION. USAID ANTICIPATES TITLE II PROGRAM TO INCREASE SLIGHTLY FROM APPROVED FY 79 LEVEL, THEREFORE FY 80 \$4.9 MILLION ACCEPTABLE.

10. REGRET VERY MUCH DID NOT MAKE DEADLINE AS BELIEVED ESSENTIAL THAT NEW ACTING AID DIRECTOR MCCLOSKEY, WHO ARRIVED SEPTEMBER 5, REVIEW PRESENT PROGRAM AND MAKE INPUT. CHAPIN

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Message Attributes

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